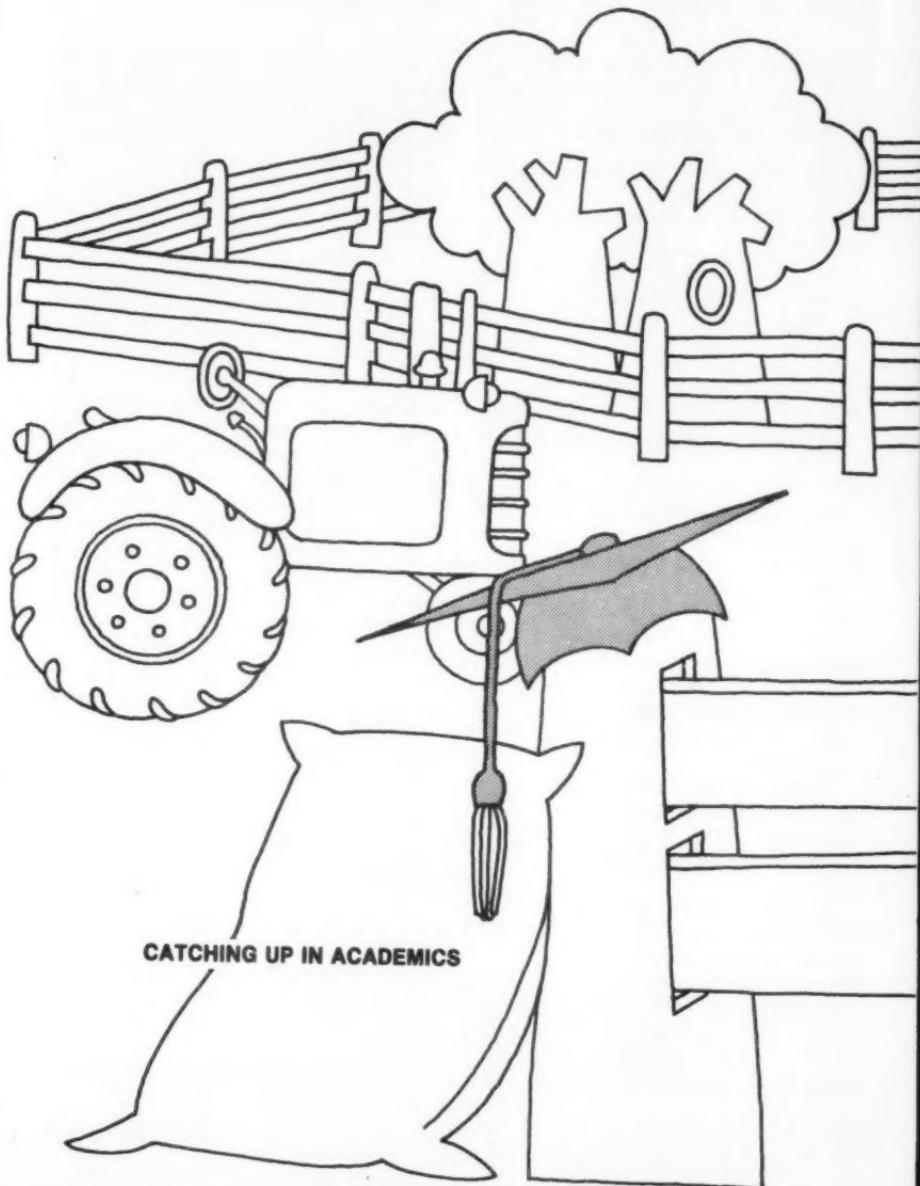
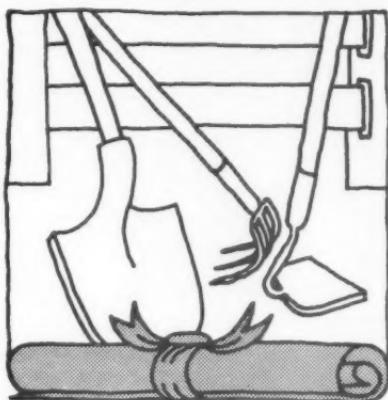


agricultural situation

THE CROP REPORTERS MAGAZINE • MAY 1979
ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE
U.S. DEPARTMENT OF AGRICULTURE



CATCHING UP IN ACADEMICS



The education gap that separates farm residents from city folks seems to be closing after years of disparity.

Back in 1968, men living on farms had a median of 8.9 years of formal education. This means that half the farm men had more than 8.9 years, and half had less. This put them far behind men in cities and suburbs who averaged more than 12 years of education.

Farm women also trailed their metro counterparts in 1968, although they averaged about 2 years more education than farm men.

In the 7 years between 1968 and 1975, however, both farm men and farm women took major strides toward closing the gap with metro residents. By 1975, farm men had more than halved the gap, while farm women virtually tied metro women in years of education.

The nonmetro population as a whole—which includes farm and nonfarm residents—also lagged sharply behind the metro group in 1968 but had just about caught up by 1975. The nonmetro group averaged more years of schooling than the farm group because farm men continued to trail their nonfarm rural neighbors by over a year.

Although the statistics show that the educational gap has narrowed, they do not apply to all segments within the farm population. For example, the difference between metro and farm blacks actually widened during the 1968-75 period, at least partly because young rural black males with more schooling have tended to move to the cities.

Nevertheless, this overall trend toward increased education suggests that more and more farm residents are staying in school longer. Although several factors may be involved, at least one is likely to be the importance of a formal education in getting a job. And a glance at statistics on educational levels of those 16 and older shows that farm residents who were in the labor force in 1977 were better educated than farm residents who weren't.

The difference was substantial among white farm men, with those in the labor force averaging 12.3 years of school, 2.7 more years than those not in the labor force. The gap was less pronounced for farm women.

The gap between the metro and

the farm group also depended to a great degree on labor force status. The difference in median school years completed between white metro and farm men was less than half a year, comparing labor force participants in both groups. It was only in the nonlabor force group that the metro men had a big edge in education over the farm men.

The advantage of education is by no means limited to nonfarm work. In 1975, more than half of farmers and farm managers had completed 4 years of high school or more, and they averaged over 3 years more education than male farm laborers and supervisors. In fact, many farmers with low levels of education have left agriculture, thus adding to the decline in the number with less than a high school education.

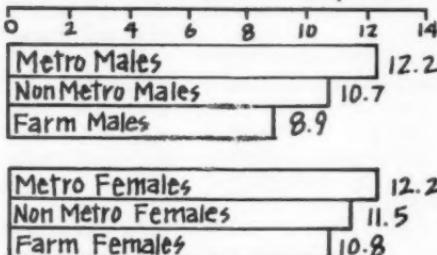
Without diminishing the importance of practical experience, researchers say that today's farmers need more formal education than their forefathers to attain the scientific and managerial skills

needed in modern farming. They must be able to select the most efficient machinery, plant the optimum crop varieties, operate complex nutrition systems to feed livestock, plan land use, and successfully handle a host of managerial and financial headaches.

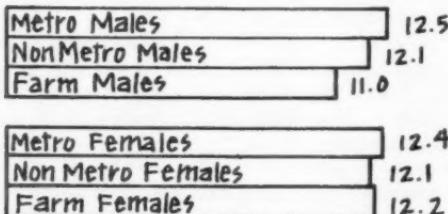
How much formal education is enough for today's farm folk? The answer, of course, varies with the goals and situations of the individuals. But statistics show that more and more have completed 4 years of high school. In the short period between 1968 and 1975, as a younger generation with more education entered the ranks of male farmers and farm managers aged 25 to 44, the proportion of that group with a complete high school education rose from 63 to 74 percent.

Yet, despite their progress, they still didn't fare as well as those in some other occupations. Even their 74-percent high school completion rate in 1975 left them well behind their white collar counterparts,

Median School Years Completed



1968



1975

including managers in the nonfarm sector.

And only about a third of male farm laborers and supervisors in the same 25-44 age group had completed high school in 1975, up from a fifth but still behind blue collar workers outside of agriculture.

Although the farm group as a whole continued to trail many other occupations in 1975, the progress is evident. However, there is nothing encouraging about the trend among black farm people. The gap between metro and farm blacks widened as the percentage of black farm men with 4 years of high school actually declined from 13 percent in 1968 to about 9 percent in 1975.

On a more positive note, young people planning on a career in farming are increasingly preparing the way with a college education.

From 1968 to 1975, the influx of young men with college backgrounds helped push the percentage of college-educated male farmers and farm managers, aged 25 to 44, from 5.1 to 11.6 percent. At the same time, the proportion of college-educated male farm laborers and supervisors grew from 0.4 to 4.1 percent.

A college degree also became more common among older farmers, aged 45 to 64, as farmers turning 45 entered the group and those reaching 65 were no longer included. Along with this, the percentage with a college education jumped from 1.4 percent in 1968 to 3.6 in 1975. However, among farm laborers and supervisors in the same age group, the proportion with 4 years of college actually declined from 3.4 to 1.8 percent.

This overall trend toward increased college education among farmers appears to be continuing into the new generation. A survey found that about 46 percent of all high school seniors from families headed by a farmer or farm manager intended to go to college. Only

DO HIGH SCHOOL SENIORS PLAN TO ATTEND COLLEGE?¹

Work of family head	Percent		
	Yes	Maybe	No
Professional	70	18	9
Managerial, nonfarm	67	17	13
Sales	54	21	20
Clerical	50	25	23
Craft	39	27	29
Operatives, nontransport	39	25	31
Operatives, transport	39	22	39
Laborer, nonfarm	24	41	32
Service	40	26	29
Farmer or farm manager	46	17	38

¹Data from 1975.

seniors from "white collar" families had a higher percentage.

Yet, 38 percent said they did not plan to attend college—a higher negative response than any other group except seniors from families headed by transportation operatives, such as truck drivers and railroad workers.

Many Americans, both metro and nonmetro, choose still another means of attaining training: adult education. This description applies to a vast range of experiences from seminars to single-session workshops.

In all regions, farm residents were far less likely to participate in adult education than metro people. Only in the West did as many as 10 percent of the farm population take advantage of adult education.

Lack of opportunity may be a contributing factor. While urban people can often attend night courses offered in convenient locations, farm people may be unable or disinclined to make a long trip to a central location serving a sprawling farm region.

PLANNING FOR '79 CROPS

U.S. farmers expect to plant about 1 percent fewer acres to corn and about 7 percent more acres to soybeans than last year, according to the Crop Reporting Board's April *Perspective Plantings* report.

Since a similar report in January, farmers have reduced their intended corn acreage 2 percent and increased their intended soybean acreage nearly 4 percent.

These plans come as no surprise. Soybean prices since January have been running nearly a dollar a bushel above a year earlier, while corn has averaged only slightly higher. Favorable soybean prices relative to corn—and cotton—have encouraged farmers to expand soybean acreage this year.

Of course, much depends on how

closely farmers stick to their reported intentions, and planting weather may well be an important factor here. Should corn plantings be delayed by wet weather, soybean acreage could turn out even higher than indicated since soybeans can be planted later than corn.

Acreage of the four feed grains combined (corn, oats, barley, and sorghum) is expected to be down 3 percent from 1978. On the other hand, farmers intend to boost plantings 6 percent for the three food grains (wheat, rice, and rye).

Among the oil crops other than soybeans, the big story is sunflowers, where intended seedings are up 75 percent from 1978 and 18 percent since the January report of farmers' 1979 planting intentions.

PLANTING INTENTIONS AND PLANTINGS U.S. CROP SUMMARY

Crop	1977	1978	1979	1978
	plantings	plantings	intentions	to 1979
1,000 acres				
All corn	83,568	79,719	79,209	-1
All sorghum	16,993	16,483	15,620	-5
Oats	17,733	16,385	15,038	-8
Barley	10,621	9,987	8,639	-13
All wheat	75,119	66,094	70,630	+7
Winter ¹	56,295	47,730	51,472	+8
Durum	3,183	4,110	4,380	+7
Other spring	15,641	14,254	14,778	+4
Rice	2,261	3,080	2,944	-4
Soybeans	58,760	64,044	68,801	+7
Flaxseed	1,410	890	837	-6
Peanuts	1,545	1,544	1,546	0
Sunflower	2,321	2,795	4,900	+75
Cotton	13,695	13,369	14,395	+8
Hay ²	60,658	61,495	61,259	0
Dry edible beans	1,413	1,544	1,397	-9
Dry edible peas	173	204	168	-18
Fall potatoes	1,172	1,174	1,118	-5
Sweetpotatoes	117	124	123	-1
Tobacco ²	958	949	877	-8
Sugarbeets	1,273	1,312	1,171	-11

¹Published December 21, 1978, in the Winter Wheat and Rye Seedings report.

²Area harvested.

ADDING UP THE COSTS

Farmers will again spend more to produce major crops this year, with cost increases generally in line with inflation throughout the economy.

Higher prices for fuels and farm labor, plus a sharp hike for farm machinery, will contribute most to increased production costs. Prices for agricultural chemicals and fertilizer may rise only slightly.

On a planted acre basis, cost increases could range from 7 to 9 percent, although recent jumps in fuel and energy prices may add further pressure. On a per-unit-of-production basis, cost runups are likely to be even steeper for some crops if yields slip after last year's especially good showing.

Of course, cost increases among crops will vary due to different input combinations. For example, since fertilizer prices are expected to increase much less than labor costs this year, crops that use relatively more fertilizer than labor will probably experience smaller cost rises than crops that are labor intensive.

This outlook comes from USDA's latest costs-of-production report to Congress on 10 major crops. The annual report began a few years ago, based largely on survey data collected for 1974. Costs are updated each year using a computerized cost estimating procedure.

Every 4 years, a large-scale survey is conducted to keep current on farmers' expenses, input and machinery use, and cropping practices. In fact, 1979 is a survey year, and the Crop Reporting Board is contacting about 7,000 farmers through its field offices across the country. These results will be used for next year's costs-of-production report.

USDA economists emphasize that costs reported in the study are national averages and not necessarily those of any single farmer or

group of farmers. Costs not only vary considerably among farms but also among regions.

The costs estimated include management expenses, general farm overhead (including record-keeping, utilities, and general farm maintenance), machinery ownership, and variable costs (expenses for seed, chemicals, fertilizers, labor, and fuel).

The report also provides several alternative estimates of land costs to reflect the different perspectives of owners, renters, and new or established farmers. However, because of the detail involved, only nonland costs are reported in this article.

In addition to the outlook for 1979, the report includes final estimates of costs of production for 1977 and preliminary estimates for 1978. On a crop-by-crop basis, here's what



happened to costs—excluding land—over the last 2 years:

COTTON

Cotton was the only one of the 10 crops in the study with lower per acre costs in 1978 than in 1977. The reasons: declining chemical costs, less use of fertilizer, and lower ginning costs as a result of lower yields. Yields dropped 23 percent from 1977 and were the lowest since 1957.

However, with the lower yields, costs per pound of lint produced jumped about 28 percent for the U.S. as a whole. The Southeast was a major exception, with bumper yields and lower unit costs.

In 1978, U.S. costs of producing a planted acre of cotton averaged about \$258, but costs ranged from about \$168 in the Southern Plains to more than \$518 in the Southwest. Costs per pound of lint averaged about 63 cents in the Southern Plains, 64 cents in the Delta, 67 cents in the Southeast, and 73 cents in the Southwest.

CORN

Corn growers in all regions faced higher production expenses in 1978 compared with 1977. However, the national average yield increased nearly 14 percent, so that costs per bushel were lower in all regions except the Southwest.

Costs per planted acre ranged from about \$149 in the Lake States and Corn Belt to slightly above \$245 in the Southwest. Costs per bushel were estimated at \$1.39 in the Lake States/Corn Belt, \$1.59 in the Northern Plains, \$1.69 in the Northeast, \$2.38 in the Southwest, and \$2.41 in the Southeast.

GRAIN SORGHUM

Grain sorghum costs of production increased in all regions in 1978 on both a per-acre and per-bushel basis. Costs of all inputs except chemicals increased, and the national average yield was 1.6

bushels lower than in 1977. U.S. costs per bushel for dryland sorghum averaged \$1.62, while costs for the 22 percent of the crop produced under irrigation averaged \$2.30.

By region, costs per acre were lowest in the Central Plains, about \$92, and highest in the Southwest, about \$224. Per-bushel costs were \$1.61 in the Central Plains, \$2.55 in the Southern Plains, and \$3.19 in the Southwest.

BARLEY

Barley cost more to produce per acre in all regions in 1978, but yields per planted acre were the highest in several years. Consequently, per bushel costs dropped in 1978 in the Northwest, Southern Plains, and Northern Plains. The Southwest and Northeast faced higher unit costs.

Per acre costs in 1978 ranged from about \$68 in the Northern Plains—the major producing region—to \$134 in the Southwest. By the bushel, production costs averaged \$1.56 in the Northern Plains, \$1.57 in the Northwest, \$2.05 in the Northeast, \$2.10 in the Southern Plains, and \$3.19 in the Southwest.

OATS

Oats demanded higher outlays in 1978, with variable costs up nearly 6 percent and machinery ownership costs almost 15 percent higher. This raised per acre costs in all regions, and lower yields in the Lake States/Corn Belt boosted U.S. average costs per bushel sharply.

Nevertheless, yields were higher in both the Northeast and Northern Plains, and unit costs in the Northeast were lower than in 1977. In 1978, costs per planted acre varied from about \$51 in the Northern Plains to \$86 in the Northeast. Costs per bushel were \$1.08 in the Northern Plains, \$1.16 in the Lake States/Corn Belt, and \$1.61 in the Northeast.

WHEAT

Wheat growers faced different situations, depending on the class of wheat produced and the region. For all wheat, variable costs increased only slightly, but the rise in machinery ownership costs was more significant. However, yield was up an average of 2 bushels an acre from 1977 to 1978, leaving the cost per bushel about the same in both years.

For the different classes of wheat, average U.S. costs per bushel in 1978 were as follows: Hard Red Winter, \$2.55; Soft Red Winter, \$2.39; Durum, \$2.26; White wheat, \$2.20; and Hard Red Spring, \$2.52. From 1977 to 1978, per acre costs dropped for Hard Red Winter, but rose for the other classes. Unit costs were down for both Durum and White wheat.

SOYBEANS

Soybean costs, both per acre and per bushel, rose in 1978 in all produc-

ing regions, including the Southeast and Delta where yields were up slightly. Variable and machinery ownership costs were higher, and the U.S. average yield declined more than a bushel from 1977 to 1978 to just under 29 bushels an acre.

The U.S. average cost per acre was about \$97 last year, with costs varying from around \$77 in the Northern Plains to \$117 in the Southeast. Costs per bushel averaged \$2.66 in the Lake States/Corn Belt—which accounted for over 60 percent of U.S. production—\$3.00 in the Northern Plains, \$4.82 in the Delta, and \$5.22 in the Southeast.

FLAXSEED

Flaxseed production is heavily concentrated, with the Dakotas and Minnesota accounting for 90 percent of U.S. production. Costs per planted acre, led by machinery ownership expenses, rose nearly 8 percent in 1978, but yields, up 1.7 bushels, were the highest since 1969. This reduced average costs per bushel nearly 7 percent from 1977 to \$4.61.

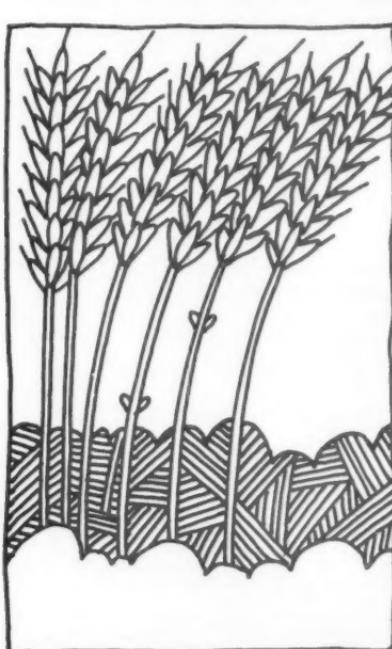
PEANUTS

Peanut costs per acre were up in all producing regions in 1978, with the variable cost increase averaging \$6.55 an acre or 2.5 percent. Costs per pound dropped from 1977 in the two eastern regions because yields were up 5 to 10 percent. In the Southern Plains, however, yields were 3 percent lower, so costs per pound increased.

The U.S. average cost per acre was about \$374 in 1978, with costs ranging from around \$275 in the Southern Plains to \$426 in the Southeast. Costs per pound averaged about 13.3 cents in Virginia and North Carolina, 13.7 cents in the Southeast, and 18.4 cents in the Southern Plains.

RICE

Rice is grown primarily in



Arkansas, Louisiana, Mississippi, California, Texas, and a few counties in southeastern Missouri. Per acre costs run about 10 to 20 percent higher in California than the other States, but California yields tend to be 20 to 30 percent higher, too. Hence, costs per 100 pounds are lowest in California.

Average U.S. costs per acre rose in 1978, reflecting moderately higher costs in all regions except the non-Delta area of Arkansas. Yields were down in California but up in the other producing areas, although not enough to offset the higher per-acre costs. Only Arkansas, with about a 5-percent increase in yield and practically the same per-acre cost,

had a lower cost per 100 pounds than in 1977.

Per-acre costs in 1978 averaged about \$382 in California and ranged from \$327 to \$338 in the other areas. Costs of producing 100 pounds of rice were \$7.26 in California, \$7.39 in Arkansas (non-Delta area), \$7.74 in the Gulf Coast, and \$7.79 in Mississippi.

Copies of the complete report, Costs of Producing Selected Crops in the United States, 1977, 1978, and Projections for 1979, are available—while they last—from the Editor, Agricultural Situation, Room 550 GHI Bldg., USDA, Washington, D.C. 20250.

COSTS OF PRODUCING MAJOR CROPS¹

Crop	1977	1978	1977-1978
<i>Dollars per planted acre</i>			
Cotton	261.56	258.34	-1
Corn	147.00	154.44	+5
Sorghum	95.68	104.94	+10
Barley	74.44	81.84	+10
Oats	53.25	58.14	+9
Wheat	68.30	73.02	+7
Soybeans	91.85	97.34	+6
Flaxseed	53.01	57.17	+8
Peanuts	357.38	374.10	+5
Rice	327.59	341.00	+4

Crop	Unit	1977	1978	1977-1978
<i>Dollars per unit</i>				
Cotton	lb.	0.52	0.66	+28
Corn	bu.	1.66	1.53	-8
Sorghum	bu.	1.77	2.00	+13
Barley	bu.	1.88	1.79	-5
Oats	bu.	0.99	1.17	+18
Wheat	bu.	2.46	2.46	0
Soybeans	bu.	3.04	3.37	+11
Flaxseed	bu.	4.95	4.61	-7
Peanuts	lb.	0.15	0.14	-2
Rice	cwt.	7.41	7.57	+2

¹Excluding land.



GREEN THUMB BY COMPUTER?

"Green Thumb" will soon be bringing computer-speed information to a select group of farmers. Simply by dialing a number, they will get the latest weather, agricultural, and market information on their TV screens to help them with their day-to-day decisions.

The Green Thumb experimental project is part of a coordinated agricultural-weather effort involving USDA's Extension program and the National Weather Service (NWS) of the National Oceanic and Atmospheric Administration.

The Agriculture Weather System, coded AGWX and popularly called Green Thumb, may be available for renting or purchasing by farmers in the future.

But for now, a pilot project testing the system is expected to begin in October 1979 in Todd and Shelby counties in Kentucky. About 200 farmers will be provided information on a 24-hour basis. The hookups will be free to those participating in the test program.

This Green Thumb Extension and NWS joint project consists of volunteers gathering data in rural areas, and experts preparing localized weather and agricultural information.

Extension agents will work with farmers to show them how to get maximum benefit from the computer tie-in.

The process of receiving the

information begins after the Green Thumb box is hooked to the home television and to the telephone, which turns the television receiver into a computer terminal.

By dialing a special number for the county Extension office, the connection is made with the computer. The farmer then chooses the information he wants and it is sent, high speed, to be stored in the Green Thumb box. The phone call is automatically ended and the farmer can view the information on his TV screen whenever needed.

The county Extension computer which feeds the Green Thumb box is updated hourly by State and national computers.

The farmer gets the latest State and county weather forecasts with extended outlook.

Or he can get agricultural recommendations on soil preparation, irrigation schedules, and disease or insect control.

One value of this system, for example, is the information that can be received about pest control. Weather and agricultural know-how can be combined to show if spraying is or is not needed. This has the potential to reduce the use of pesticides an estimated 20 percent across the U.S., lowering costs and having environmental benefits as well.

Other research has shown that the use of rural weather data in irrigation scheduling could result in a 35-percent savings in water and energy.

FOCUS ON MEATS

Much the same total, but a vastly different mix. Briefly, that's the story of the meat supply this year.

Total red meat and poultry supplies, on a per person basis, are expected to hold near year-earlier levels. Individually, though, there will be a small decline in Choice beef and sharply less cow meat, but big gains in pork and poultry.

Beef production may drop about a tenth below year-earlier levels this spring and summer. Beef from grain-fed cattle will make up about 80 percent of the total. Nonfed beef supplies—from steers and heifers fed on grass and forage—are expected to be down about 40 percent from a year ago.

On the other hand, hog producers are expanding more rapidly than anticipated. Farrowings this past winter were up 16 percent from a year earlier, and producers planned to farrow 24 percent more sows this spring.

Pork output in the second quarter probably will top the year-earlier level by 10 percent and, by summer, production should equal or exceed the spring level and be around 16 percent larger than a year ago. Pork output this fall will be the highest since 1970.

Poultry production is also up sharply this year. There will be 8 to 10 percent more broilers raised during the first half of the year and a similar gain is likely in the second half.

Turkeys, too, are being turned out in record numbers. Output in the seasonally light first half is expected to run 20 to 25 percent above 1978. Although the percentage increase over 1978 will narrow substantially in the heavy hatching season, output in the second half will remain 7 to 9 percent above 1978.

Although total red meat and poultry production will not change much from last year, the smaller beef supply is buoying up prices for all meats at all levels.

For beef, prices are expected to average near \$75 per 100 pounds for Choice steers this spring and, perhaps, slightly more this summer before they decline a bit in the typical seasonal pattern. Last spring and summer, Choice steers at Omaha averaged \$54 to \$55.

Cattle prices have increased to the point where producers are holding more heifers for herd replacement, one signal that the liquidation phase of the cattle cycle has probably ended. In fact, cow slaughter has dropped about 30 percent below a year earlier.

Hog prices will remain under pressure from the larger supplies of pork as well as increased poultry production. However, higher beef prices and the strong consumer demand for meat will limit the decline in farm and retail prices.

Market hogs will probably average in the mid-\$40's this spring and summer, but may drop to the low-\$40's in the fall. At that point, many farmers would be selling hogs at less than the total cost of production, although they'd still be covering their cash costs. Seven-market prices for barrows and gilts last year rose from a spring average of nearly \$48 per 100 pounds to over \$50 in the fall.

This winter, broiler prices, at wholesale, averaged 47.5 cents a pound, well above the 42 cents a pound of last year. A small seasonal rise in prices is expected this spring and summer, but prices will be only 1 or 2 cents above 1978. Large pork, broiler, and turkey supplies will result in broiler prices this fall averaging near the October-December 1978 level.

MARKETING CHANNELS REPORT

Local grain elevators received the bulk of producers' feed grain sales in 1977, according to a Crop Reporting Board survey of the principal marketing channels used by farmers and ranchers.

Of total 1977 sales of the four feed grains, shares going to local elevators ranged from 61 percent for barley to 90 percent for sorghum.

Local and terminal elevators took in 93 percent of the winter wheat and nearly all spring wheat, excluding Durum. Almost a third of all Durum was sold through dealers, while local elevators received most of the remainder. Most soybean and flaxseed sales went to local elevators, but soybean processors received big shares in a few States.

In livestock, auctions and commission firms handled more than three-fourths of the calf marketings; steer and heifer sales were shared almost equally with packers and butchers.

Packers and butchers took most of the barrows and gilts, but local auctions and commission firms captured two-thirds of the sow and boar market. Half the feeder pigs were sold at auctions, while other farmers bought a third.

Information on the marketing channels used by producers and the proportion of sales through each channel helps the Crop Reporting Board to accurately monitor and report prices received by producers.

FARMERS' 1977 SALES BY MARKETING CHANNEL¹

Crops	Local elevators	Terminal elevators	Dealers	Other farmers and ranchers	Commercial feedlots
<i>Estimated percent of total sales</i>					
Corn for grain	78	13	3	4	2
Oats	81	2	4	13	-
Sorghum grain.....	90	-	3	3	4
Feed barley.....	61	2	17	15	2
Winter wheat.....	87	6	3	-	1
Soybeans.....	80	14	3	-	-
Alfalfa hay	-	-	42	47	9
 Livestock					
Local auctions and commission firms					
Steers and heifers	42	47	3	7	-
Cows	77	14	8	-	-
Calves,					
201-499 lbs	83	3	13	-	-
Barrows and gilts.....	42	56	-	-	-
Sows and boars.....	64	34	2	-	-
Lambs	44	40	6	8	-

¹Percents marketed through the channels listed may not add to 100 because of sales through miscellaneous channels.

Briefings

RECENT REPORTS BY USDA OF ECONOMIC, MARKETING, AND RESEARCH DEVELOPMENTS AFFECTING FARMERS.

FARM PRICES TURN DOWN . . . Prices received by farmers dipped 1 percent in April, the first such drop in 5 months. According to the Crop Reporting Board, lower prices for hogs, oranges, eggs, lettuce, and milk contributed most to the decrease, while higher prices for cattle, tomatoes, and calves were partially offsetting. Even with the April downturn, farm prices were still 17 percent above the year-earlier level. Prices paid by producers for commodities, services, interest, taxes, and wages increased three-fourths of 1 percent from mid-March.

A POTENTIAL PLUS FOR FARM PRODUCT EXPORTS . . . The Tokyo Round of international trade talks, which began in 1973, officially concluded on April 12. The U.S. and other participating nations, which account for more than 90 percent of world trade, reached agreements on cutting tariffs, reforming nontariff trade barriers, and expanding international trade. U.S. farmers may benefit significantly from new guidelines designed to expand trade in several long-protected agricultural markets. In particular, increased export opportunities were negotiated for oilseed and meat exports—including beef, pork, and poultry—to Europe, Japan, Canada, and Australia; fruit, vegetable, and nut exports to Europe, Japan, and some developing nations; and wine exports to Japan. The agreement must be approved by participating governments.

A WELCOME PALL IN PALM OIL . . . Not long ago, heavy imports of palm oil into the U.S. were raising serious concerns about the future of the domestic oilseed industry. From a level of about 200 million pounds at the beginning of the decade, palm oil imports jumped each year, reaching 933 million pounds in 1975/76. However, that record may be around for awhile, even though the world's leading producer/exporter, Malaysia, continues to up its output. U.S. palm oil imports, after plunging to 362 million pounds last year, are expected to drop a bit further in 1978/79 because prices of imported palm oil have not been competitive with domestic soybean oil.

SPOTLIGHT ON STOCKS . . . Corn stocks in all positions on April 1 totaled a record 4.42 billion bushels, up 14 percent from a year earlier, according to the Crop Reporting Board. Around 736 million bushels or 17 percent of corn stocks were held in the Grain Reserve. Corn stored on farms, at 70 percent of total stocks, was up 23 percent from last year. Of the other feed grains, sorghum stocks were up 1 percent from April 1978, oat stocks were down 6 percent, and barley stocks were up 24 percent. Soybeans in all storage positions totaled a record 871 million bushels on April 1, up 3 percent from a year ago. Nearly half the stocks were on the farm.

GRASSHOPPER THREAT THIS SUMMER . . . Heavy grasshopper infestations are a threat this summer on many ranges of the western United States. According to USDA's Animal and Plant Health Inspection Service (APHIS), surveys made late last summer indicated that last year's grasshoppers laid a great number of eggs. Although a cool and wet spring could cut the survival rate of hatching hoppers, no chances are being taken. APHIS and the various State cooperative extension services are conducting meetings with rancher groups to explain the problem and to encourage cooperative efforts to control the pest in its early stages of development. Treatment programs will be launched when grasshoppers reach eight per square yard. Ranchers can get more information about grasshopper control and the signup for treatment by contacting their county agent or an APHIS office.

WESTERN WATER OUTLOOK . . . A record-heavy snowpack in the southern Rockies and mountains of the Southwest assures adequate summer water supplies for the region, according to USDA's Soil Conservation Service. However, snow surveys also indicated that the outlook is less promising for parts of the Pacific Northwest and neighboring States. The below-normal snowpack in the Cascade Mountains suggests that runoff will be only two-thirds to three-fourths of normal. Mountain snowpacks provide about 70 percent of the West's water supplies.

FERTILIZER PROSPECTS . . . Fertilizer supplies should be adequate to meet farmers' needs this season, except for possible spot shortages caused by transportation bottlenecks. Supplies of all three major plant nutrients are slightly larger than they were a year ago. However, fertilizer markets have turned around, and prices have strengthened this year after declining from last May through December. As of early May, wholesale prices had increased more than prices paid by farmers, but increased domestic use and exports suggest that the higher prices could be passed on to farmers in the months ahead.

Statistical Barometer

Item	1977	1978	1979—latest available data
Farm income:¹			
Cash receipts from farm marketings (\$bil.)	96.1	110.2	8.8 February
Livestock and products	47.6	58.0	5.1 February
Crops	48.5	52.2	3.8 February
Realized gross farm income (\$bil.)	108.1	124.3	138.9 (P)
Production expenses (\$bil.)	88.0	96.1	105.5 (P)
Realized net farm income before inventory adjustment (\$bil.)	20.1	28.2	33.4 (P)
Agricultural prices:			
Prices received by farmers for all products (1967=100)	183	210	244 April
Prices paid by farmers for commodities and services, interest, taxes, and wages (1967=100)	202	219	245 April
Agricultural trade:			
Agricultural exports (\$bil.)	23	24	2.9 March
Agricultural imports (\$bil.)	11	13	1.4 March
Agricultural trade balance (\$bil.)	+12	+11	1.5 March
Farm food market basket:²			
Retail cost (1967=100)	179.2	199.4	220.6 March
Farm value (1967=100)	178.1	207.4	243.0 March
Farmer's share of retail cost (percent)	38	39	41 March
Consumer price index:			
All items (1967=100)	181.5	195.4	209.1 March
Food (1967=100)	192.2	211.4	230.4 March

¹1978 preliminary.

²Average annual quantities per household bought by all urban consumers, based on Bureau of Labor Statistics figures.

³First quarter at seasonally adjusted annual rate.

AGRICULTURAL SITUATION



MAY 1979 • VOL. 63 NO. 4
ERIC VAN CHANTFORT, EDITOR

Contributors: D. Williamson, J. Lind, G. Schumacher
Design: J. Bazemore

The Agricultural Situation, published 11 times a year by USDA's Economics, Statistics, and Cooperatives Service, is distributed free to crop and livestock reporters in connection with their work. Contents of the magazine may be reprinted without permission. The Secretary of Agriculture has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through January 31, 1980. Subscription price \$7.75 a year (\$9.70 foreign). Order from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Single copies available from the ESCS Information Division, Rm. 550 GHI Bldg., USDA, Washington, D.C. 20250.

U.S. DEPARTMENT OF AGRICULTURE
ECONOMICS, STATISTICS, AND
COOPERATIVES SERVICE

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE \$300

To stop mailing or to change your
address send mailing label on this
magazine and new address to ESCS, Rm.
550 GH, USDA, Washington, D.C. 20250.

ASM VERIA300V ISSDUE012R
VERIALS PROCESSING DEPT
UNIV MICROFILMS INTL
300 N ZEEB RD
ANN ARBOR MI 48106

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

BULK THIRD CLASS



